



Ellerston 2050 Fund

Information Memorandum

Table of contents

| | |
|--|----|
| 1. Key Features | 03 |
| 2. Ellerston 2050 Fund | 04 |
| 3. Risks | 06 |
| 4. Fees and Other Costs | 09 |
| 5. Applications and Dealing With Your Investment | 11 |
| 6. Tax Considerations | 13 |
| 7. Material Documents | 15 |
| 8. Additional Information | 16 |
| 9. Glossary | 18 |

Important Information

Ellerston Capital Limited ABN 34 110 397 674, AFSL 283 000 (Ellerston Capital, the Manager, the trustee or we) is the issuer of this Information Memorandum (IM) dated 29 March 2022. Investments in the Ellerston 2050 Fund (Fund) are made available by Ellerston Capital as the trustee of the Fund. Units in the Fund are available for issue under this IM.

An application for Units under this IM may only be made on the Application Form accompanying this IM. The Application Form contains important terms relating to the Fund and should be read in full before deciding to invest. The Application Form does not form a part of this IM. A person may not pass on the Application Form onto another person unless it is accompanied by a printed copy of this IM or a complete and unaltered version of this IM.

The information in this IM is general information only and does not take into account your individual objectives, financial situation or needs. It is important that you carefully read this IM in full before deciding to invest in Units. In particular, you should carefully consider the risks associated with an investment in the Fund and whether the information in this IM is appropriate for you in light of your objectives, financial situation and needs. To obtain advice or more information about the product offered in this IM you should speak to your financial adviser or other professional adviser.

You should rely only on information in this IM. No person is authorised to provide any information, or to make any representations, in connection with the issue of Units, which is not contained in this IM. Any information or representations not contained in this IM may not be relied upon as having been authorised by the Manager in connection with the issue of Units. This IM supersedes and replaces all previous representations made in respect of the Manager, the Fund and the issue of Units.

This IM only constitutes an offer of or invitation to apply for financial products to persons within Australia or in places where it is lawful to make such an offer or invitation. Units in the Fund are not available for purchase within the United States or by US Persons (refer Glossary – **Section 9**).

If you access an electronic copy of this IM, then you should ensure that you download and read the entire IM and the Application Form. A paper copy of this IM (including any supplementary document) can be obtained free of charge by calling Ellerston Capital on (02) 9021 7701 or by emailing info@ellerstoncapital.com.

You will be asked to provide personal information to us (directly or through the Registry) if you apply for Units. For information about how the Manager collects, holds and uses this personal information see **Section 8.6**.

An investment in the Fund is subject to investment and other risks, including possible delays in repayment, loss of income and loss of principal invested. Investments in the Fund are not deposits with or other liabilities of Ellerston Capital, any member of the Ellerston Capital Group or related bodies corporate, affiliates, associates or officers of any of the above entities. None of these entities guarantee any particular rate of return or the performance of the Fund nor do they guarantee the repayment of capital from the Fund. There are no forecasts or prospective financial information relating to the Fund in this IM.

No person other than Ellerston Capital has caused or authorised the issue of this IM nor do any of them take any responsibility for the preparation of this IM or the establishment or performance of the Fund. All actions referred to in this IM as being taken by the Fund are performed by Ellerston Capital as trustee of the Fund or its delegates, as the case may be, in respect of the Fund.

The Manager reserves the right to vary the Offer, including closing the Offer at any time, accepting late applications, changing the timing of the Offer, either generally or in particular cases, without notifying any recipient of this IM or any applicants. Investors are encouraged to submit their applications as soon as possible.

Subject to the law and the Trust Deed, the Manager may change at any time the information, terms and conditions set out in this IM and otherwise applying to Units. Where a person is a Unitholder, they will be provided with at least 30 days written notice of any such change which is materially detrimental to them as a Unitholder including any change to fees. Unitholders who redeem their Units prior to the change will ordinarily not be bound by the change. Where a change is not materially adverse to investors, the information may be made available at: www.ellerstoncapital.com. Investors may obtain a paper copy of this information free of charge by contacting the Manager.

Certain capitalised expressions used in this IM have defined meanings, which are explained in the Glossary of this document. References to \$ or A\$ are to Australian dollars.

1. Key Features

This Information Memorandum (IM) contains an invitation to invest in Units in the Ellerston 2050 Fund. This table contains a summary of the key features of the Fund. You should read the IM in full before deciding whether to invest.

| Feature | Overview | |
|---------------------------------|---|-----------------------------|
| Investor Eligibility | Wholesale Investors. | |
| Fund Structure | The Fund is an Australian domiciled open ended unit trust and is not registered with ASIC as a managed investment scheme. | |
| Investment Objective | The investment objective of the Fund is to outperform the Benchmark over a rolling 3 year period. | Section 2.2 |
| Suggested Investment Horizon | At least five years. | |
| Investment Philosophy | <p>The Fund employs an active, research-driven investment approach which seeks to identify a portfolio of unlisted (pre-IPO and expansion capital) and listed (micro and small capitalisation) companies, with the aim of delivering superior returns to the Benchmark over time.</p> <p>The Fund invests in companies that are believed to have the potential to deliver significant upside over the medium term and where there is a reasonable margin of safety to mitigate downside risk. Investments will generally be made in companies that have sound business franchises with attractive earnings profiles that operate in growth industries and trade at a discount to valuation. For inclusion in the portfolio, companies must, either directly or indirectly, demonstrate a pathway to aiding the abatement of carbon within Australia and the global economy.</p> | Section 2.3 |
| Investments of the Fund | <p>The investment universe of the Fund includes:</p> <ul style="list-style-type: none">• Australian and New Zealand unlisted and listed Securities;• Cash and cash-like investments; and• Futures and exchange traded options may be used to manage risk. <p>Number of positions:</p> <ul style="list-style-type: none">• Typically 10-30 positions in unlisted/pre-IPO investments; and• 25-40 positions in listed micro and small capitalisation investments. <p>The maximum exposure to unlisted Securities (including pre IPO investments) is limited to 50% at cost of the Net Asset Value of the Fund.</p> <p>Cash held is targeted to a maximum 20% of the Net Asset Value, following the Lock Up Period.</p> | Sections 2.4 and 2.5 |
| Management Fee (excluding GST) | <p>1.50% p.a. of the Net Asset Value of the Fund.</p> <p>Management Fees will be accrued monthly.</p> | Section 4 |
| Performance Fee (excluding GST) | 20% of the investment return above the Benchmark for each financial year, calculated and accrued monthly. Paid annually. Underperformance in any year is carried forward to the following year. | Sections 4.1 and 4.2 |
| Benchmark | S&P/ASX Small Ordinaries Industrials Accumulation Index. | Section 2.2 |
| Applications | <p>Quarterly – with a minimum initial investment of \$100,000 and a minimum additional investment amount of \$50,000.</p> <p>Units will be issued on a quarterly basis (subject to our ability to suspend or reject applications) provided the Application amounts are received by the Administrator prior to 2pm (Sydney time) one Business Day before the Application Day, unless otherwise agreed by the Manager in its absolute discretion.</p> <p>An Application Day occurs on the last Business Day of the quarter.</p> | Sections 5.1 and 5.2 |
| Lock Up Period | Three years commencing from the date on which the Fund achieves the minimum Net Asset Value (i.e. \$50m). | |

| | | |
|---------------|--|-----------------------------|
| Redemptions | <p>Starting from the quarter following the Lock Up Period, redemptions will be permitted with 45 days' notice prior to the last Business Day of each quarter.</p> <p>For example if the Fund achieves the minimum Net Asset Value of \$50m at the end of March 2022, the Lock up Period would end at the end of March 2025 and Redemptions may be made available at the end of June 2025.</p> <p>Redemptions are limited to 25% of the Fund's Net Asset Value at each Withdrawal Date, subject to available liquidity.</p> | Sections 5.3 and 5.4 |
| Valuations | The Fund will conduct monthly valuations on the last Business Day of each month, and on other such days as determined by the Manager and in accordance with the Trust Deed. | Section 5.6 |
| Distributions | Where distributable income is available, distributions will be made half yearly for each period ending 30 June and 31 December in each year. There is no guarantee that any income will be generated. | Section 5.5 |
| Risks | <p>There are a number of risks associated with investing in the Fund. The key risks include:</p> <ul style="list-style-type: none"> • Market Risk: The risk that the value of the Fund's investments will fluctuate as a result of factors such as economic variables (including interest rates, unemployment, inflation and economic growth), market conditions and sentiment. Changes in government regulations (e.g. tax), local and international political events and environmental and technological issues may impact on the Fund's ability to implement its strategy. Market risk may have different impacts on each type of asset, investment style and investor. • Security Specific Risk: The risk that the price of shares in a particular company may be affected by the operational and financial circumstances of the issuer of those Securities such as the state of their underlying businesses (including the level of debt they carry, the availability of debt financing and level of interest rates), their profits, earnings and cash flows, and their dividends. • Pandemic Risk: The impact of pandemics may have adverse implications on the Fund's ability to achieve its investment objectives. • Portfolio Risk: The Fund may be relatively concentrated across a narrower list of Australian and New Zealand Securities, sectors and industries than the Benchmark and therefore may display higher volatility or be adversely affected by the unfavourable performance of any of those individual Australian Securities. • Fund Risk: The success of the Fund depends upon our ability to develop and implement the Fund's investment strategy and identify investment opportunities that achieve the Fund's investment objective. • Liquidity Risk: Unlisted investments made by the Fund are illiquid, as there is no established secondary market for their Securities. Investments in listed micro-cap stocks also suffer from a lack of liquidity. Where the liquidity of a particular market or security is restricted, it can affect the performance of the Fund. Lack of liquidity or market depth can affect the valuation of the Fund's assets as it looks to realise Securities at quoted prices and the ability of the Fund to exit a position in a timely manner. <p>This is not a comprehensive summary of all the risks of investing in the Fund. For a full breakdown of risks, refer to Section 3.1.</p> <p>Before investing in the Fund, investors should obtain financial advice on whether an investment in the Fund is suitable for their objectives, financial situation and needs.</p> | Section 3 |

2. Ellerston 2050 Fund

2.1. About the Manager – Ellerston Capital

Ellerston Capital is a specialist investment manager providing a range of innovative Australian and international investment strategies. As a firm majority owned by its principals and employees, our clients' objectives are our objectives.

As a dedicated investment manager, we aim to do one thing exceptionally well: grow and protect our clients' wealth through investing. We are passionate about creating value for our clients by identifying outstanding investment ideas and designing portfolios that perform over the long term. Our funds target a diverse range of strategies including, but not limited to, Long only Australian, global and Asian equities, Australian and global Long-Short equity and private equity.

Ellerston Capital has been managing money since 2002. Our clients include sovereign wealth, industry and corporate superannuation funds, international funds, family offices and high net worth investors.

Ellerston Capital is based in Sydney and holds an Australian Financial Services License (AFSL No. 283000) which regulates its prudential requirements and its delivery of financial services in Australia.

2.2. Investment Objective

The investment objective of the Fund is to outperform the Benchmark over a rolling 3 year period.

There is no guarantee that the Fund will meet this objective.

2.3. Investment Philosophy and Strategy

We believe the small and micro cap segments of the market will play a critical role in reducing carbon emissions from larger companies through enablement of technology solutions.

We strongly believe that small and micro cap companies will be the enabling "pick and shovel" businesses to their large cap counterparts, facilitating a transition to net-zero emissions by 2050 and experiencing super-normal growth as a by-product of this evolution.

The Fund employs an active, research-driven investment approach which seeks to identify a portfolio of unlisted (pre-IPO and expansion capital) and listed (micro and small capitalisation) companies, with the aim of delivering superior returns to the Benchmark over time.

The Fund invests in companies that are believed to have the potential to deliver significant upside over the medium term and where there is a reasonable margin of safety to mitigate downside risk. Investments will generally be made in companies that have sound business franchises with attractive earnings profiles that operate in growth industries and trade at a discount to valuation. For inclusion in the portfolio, companies must, either directly or indirectly, demonstrate a pathway to aiding the abatement of carbon within Australia and the global economy.

2.4. Investment Universe

The investment universe of the Fund includes all Australian and New Zealand Listed and unlisted Securities, with a focus on the micro to small cap companies segment of the market. Australian Listed Securities includes dual listed Securities, Securities expected to list on a recognised Australian exchange within three months and Derivatives. The Fund may also invest in Cash and Cash-like Securities.

2.5. Derivatives

The Fund may use Derivatives for risk management purposes, i.e. exchange traded futures and options. In addition, Derivatives that are included in the definition of Securities may be used to gain exposure to underlying Securities.

2.6. Investment Guidelines

| | |
|----------------------|--|
| Number of Positions | Typically 10-30 positions in Unlisted/pre-IPO investments; and 25-40 positions in Listed micro and small capitalisation investments. |
| Geographic Exposure: | 0 - 100% Australian Securities 0 - 20% New Zealand Securities |

| | |
|------------------|---|
| Position Limits | <p>An investment held in any one issuer must not exceed:</p> <p>8% of the Net Asset Value at cost;</p> <p>12%* of the total market value of the Net Asset Value; and</p> <p>10% of the voting rights or issued capital of any issuer.</p> <p>The maximum exposure to unlisted Securities (including pre IPO investments) is limited to 50% at cost, of the Net Asset Value of the Fund.</p> <p>Cash held is targeted to a maximum 20% of the Net Asset Value, following the Lock Up Period.</p> |
| Derivatives | There are no limits on the use of Derivatives subject to the Fund maintaining no leverage on a net basis. |
| Short Selling | Not permitted. |
| Borrowing | Not permitted. |
| Gearing/Leverage | There is no Leverage on a net basis. The Fund may invest in types of Securities which can provide Leverage implicitly. |

*Note: this position limit does not apply to unlisted assets.

Note: The Fund may fall outside of these position limits from time to time while it acquires seed assets and until the Fund reaches sufficient scale.

Thresholds incorporate the delta exposure gained through Derivatives.

Save where specified to the contrary, the above thresholds apply as at the time of the relevant investment. Where a threshold would be breached merely because of any appreciation in value (e.g. as a result of strong outperformance), depreciation in value, capital restructure, managing cash flows, corporate action or similar event, the Fund will be rebalanced or reduced back to below that threshold within a reasonable timeframe.

2.7. Performance

Performance information for the Fund can obtained by telephoning (02) 9021 7701 or by emailing info@ellerstoncapital.com.

2.8. Registration as a managed investment scheme

The Fund is not registered as a managed investment scheme. Ellerston Capital may, at its discretion, choose to register the Fund as a managed investment scheme at some point in the future. We will notify all unit holders before registration takes place.

3. Risks

An investment in the Fund involves risk, including the risk that the value of the Fund's investment could fall and that distributions could be lower than expected or not paid at all. No guarantee or representation is made that the Fund will be successful, that the capital value will grow or be maintained, or that there will be any distributions.

Please be aware that the investment program is speculative, that is, we undertake a process of selecting investments with higher risk in order to profit from a higher return over the long term. There can be no assurance, however, that the Fund's investment objective will be achieved. Investors should consider any investment in the Fund as a supplement to an overall investment portfolio and should invest only if they are willing to undertake the risks involved.

Prospective investors should consider and understand risk in determining whether an investment in the Fund is suitable for them. While it is not possible to identify every risk relevant to investing in the Fund, the summary below lists some of the significant risks associated with investing in the Fund. Investors should read this IM in full and consult their financial adviser or other professional adviser before deciding whether to invest in Units.

3.1. Overview

As the Fund is a medium to long term investment with limited liquidity, there will be significant limitations on the ability of investors to realise their investment in the Fund. An investment in the Fund is speculative and involves a high degree of risk, including the risk that the value of your investment could fall or be entirely lost.

No guarantee or representation is made that the Fund will be successful or that their capital value will grow or be maintained. Investors should consider an investment in the Fund as supplemental to a balanced investment portfolio and should invest only if they are willing to undertake the risks involved.

Prospective investors should independently assess the risks of the Fund in determining whether an investment in the Fund is suitable for them and in deciding whether or not to invest in the Fund. You should seek professional advice before investing. The summary below is a guide only and not an exhaustive list of all the risks of investing in the Fund.

3.2. General Risks

- **General investment risk:** Like any investment, the investment returns of an investment in the Fund will be subject to economic variables (including interest rates, unemployment, inflation and economic growth), market conditions, factors impacting particular portfolio companies and government policy. Some portfolio companies will have certain levels of debt to carry out and expand their operations. The level of interest rates payable on that debt, and the availability of debt financing (including to refinance existing borrowings) can have a significant effect on the returns of those entities.
- **Other business interests:** The Manager and its employees may be members of other advisory boards, investment committees or funds, and are, or in the future may be, officers or directors of, or otherwise affiliated with, investors of one or more of other investment funds. This may present conflicts of interest where such professionals may be pursuing the interest of more than one such party simultaneously.
- **Currency risks:** Currency movements relative to the Australian dollar can cause changes in the value of your investments.
- **Tax regulation risks:** Investors could become subject to unforeseen taxation in the jurisdiction in which the Fund operates, is managed, advised, promoted or invests. In addition, taxes incurred in such jurisdictions by the Fund may not be creditable or deductible by the Fund or the investors in their respective jurisdictions. There can be no assurance that the structure of the Fund or any investment will be tax-efficient for any particular investor. Prospective Investors are urged to consult their own tax advisers with references to their specific tax situations and in respect of the Australian tax implications of acquiring, holding and disposing of interests in a Unit trust on their specific circumstances.

Any taxation information in this IM is of a general nature only and is not to be taken as any tax or other advice. Investors are advised to monitor changes to taxation rules and how they may affect their tax obligation.

3.3 Fund Specific Risks

- **Regulatory risks:** Regulatory changes to the Corporations Act or other laws may affect optimum investment decision making by the Manager. The actions of governments and regulators have a significant influence on the outlook for companies and the returns to Investors.
 - **Target returns:** The Manager cannot guarantee the level of returns targeted will be achieved from an investment in the Fund.
 - **Reliance on projections:** The financial performance of an investment of the Fund may vary significantly from its management's projections. Any failure to meet its projections may be materially adverse to the return on the Fund and to Investors.
 - **Past performance:** The performance of prior investments in which the Manager and/or investment team have been involved cannot be relied upon in assessing the merits of the Fund. Applicants should read the IM and Trust Deed in full and obtain independent advice prior to investment.
 - **Manager risk:** The Manager may not be successful in implementing the Fund's investment strategy and may not be able to effect improvements in a portfolio company's performance.
 - **Market risk:** Market conditions are volatile which may prevent the Fund achieving its fund raising objectives. Failing to raise sufficient capital could result in the Fund being unable to achieve its targeted investment strategy and objectives.
 - **Key person risk:** The departure of a member of the investment team may impact the ability of the Manager to implement the Fund's strategy.
 - **Deal flow:** The Manager may not be able to identify and reach agreement with any, or a sufficient number of suitable portfolio companies.
 - **Deal allocation:** Ellerston Capital acts in various capacities for clients including investment mandates and funds and as a result there is no assurance that all transactions that the Manager is involved in will be referred to the Fund.
 - **Due diligence:** Investments will be made in companies which have limited information available for due diligence. As such, some investments may be made based on limited due diligence and on publicly available information. This may increase the risks to the Fund associated with those investments.
 - **Distributions:** Distributions will vary from time to time depending on whether exits can be achieved. If exits are unsuccessful no distributions may be made and capital may be lost.
 - **Minority investments:** As the Fund intends to take minority positions (rather than controlling stakes), there is a risk that portfolio company shareholders and management may make decisions that the Manager does not agree with and/or that do not serve the Fund's interests.
-

- **Management risks:** Although the Manager will monitor the performance of each company in the portfolio, the Manager will not control the day-to-day operations of portfolio companies. The Manager will invest in and rely on the ability of portfolio company management teams to operate the business and execute on business strategy. While it is the intention for the Manager to focus on investments with a strong management team, or where a strong management team can be developed and maintained, the death, disability, resignation or termination of one or more of those people could have a material adverse impact on their business and prospects of the investment made.
- **Indemnity:** The Fund will indemnify certain persons in respect of any claims, losses, liabilities, costs or expenses incurred in connection with the Fund (to the extent that it is not the result of negligence, wilful misconduct or fraud by the indemnified persons), which may result in a loss of capital for Investors.
- **Valuation:** Portfolio companies may not have a readily ascertainable market price and may have valuations that differ from their true and actual realisable value.
- **Competitors:** Competing businesses including those with superior products or technologies may adversely affect a portfolio company which may have a material adverse effect on returns to Investors. The introduction of new competitors or a more aggressive competitive response from existing participants may affect the operating performance of a portfolio company. There is no assurance that a portfolio company will be able to compete successfully in its marketplace and any increase in competition could adversely affect the earnings of an Investee.
- **Risks of certain divestments:** In connection with the divestment of an investment in a portfolio company or otherwise, the Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Fund.
- **Illiquid investments:** An investment in the Fund is illiquid and there is no established secondary market in which an investor may sell its units in the Fund and none is expected to develop in the future. In addition, investors have no right to withdraw from the Fund, except in accordance with the Trust Deed. Redemptions from Investors will be subject to a net redemptions cap at 25% of the Fund's Net Asset Value per quarter, post the Lock Up Period. Redemptions may also be suspended by the Trustee in certain
- **Performance Fee:** The Manager's entitlement to a performance fee may create an incentive for the Manager to make riskier or more speculative investments than would be the case absent such performance fee. In addition, as performance fees are accrued into the NAV and based on the carrying value of the investment, which may differ from the actual proceeds received on realisation, it is possible that Investors may be impacted (positively or negatively) by applications or redemptions from investors.
- **Passive investment, lack of control:** Investors will not be able to control or participate in the management and day-to-day operations of the Fund including decisions regarding the making and disposition of investments. Accordingly, investors must be willing to rely on the ability of the Manager to manage the Fund and its investment judgment and management skills.
- **Compulsory withdrawal:** Investors may have their units compulsorily withdrawn from the Fund in accordance with the Trust Deed including in circumstances where the Investor is in breach of the IM or Trust Deed or made a misrepresentation in acquiring their units.
- **Derivatives Risk:** Derivatives, such as options, warrants, futures and swaps, may be used by the Fund. The risks of using Derivatives might include: the value of the Derivative failing to move in line with the underlying asset, potential illiquidity of the Derivative, the possibility that the Derivative position is difficult or costly to reverse, the Derivative not performing as expected and counterparty risk.
- **Speculative Nature of Certain Investments:** Certain investments by the Fund may be regarded as speculative in nature and involve increased levels of investment risk. An inherent part of a strategy may be to identify Securities which are undervalued by the marketplace. The success of such a strategy necessarily depends upon the market eventually recognising such value in the price of the security, which may not necessarily occur. Unlisted positions, as well as IPOs, may involve highly speculative Securities.

3.4. Risk Management

The Manager has risk management processes in place including:

- Undertaking research on individual investments to the best of our ability;
- Ongoing monitoring of investments;
- Actively monitoring the Fund's exposure;
- The use of portfolio guidelines (**Section 2.6**), compliance policies and procedures; and
- Obtaining accounting, legal and tax advice in conducting the affairs of the Fund and completing our reporting obligations.

4. Fees and Other Costs

4.1. Summary of Fees and Other Costs

This section shows fees and other costs that you may be charged.

| Type of Fee or Cost | Amount | How and When Fee is Paid |
|---|--|---|
| Establishment Fee The fee to open your investment. | Nil. | Not applicable. |
| Contribution Fee The fee on each amount contributed to your investment. | Nil. | Not applicable. |
| Withdrawal Fee The fee on each amount you take out of your investment. | Nil. | Not applicable. |
| Termination Fee The fee to close your investment. | Nil. | Not applicable. |
| Management Costs The fees and costs for managing your investment. | Management Fee 1.50% p.a. of the Net Asset Value of the Fund. | Accrued in the Unit price and payable from the assets of the relevant class monthly in arrears. Refer to Section 4.2 for more details. |
| | Expenses Capped at up to 0.20% p.a. of the Net Asset Value of the Fund. | Accrued in the Unit price and payable from the assets of Fund when the amounts are incurred. Refer to Section 4.2 for more details. |
| | Performance Fee 20% of the investment return above the Benchmark Return for each financial year, calculated and accrued monthly. | Accrued in the Unit price and payable from the assets after 30 June in each year in arrears. Refer to Section 4.2 for more details. |
| Service Fees | | |
| Investment Switching Fee The fee for changing investment options. | Nil. | Not applicable. |

Notes:

- All fees set out in this **Section 4** are exclusive of the net effect of Goods and Services Tax (GST) (i.e. excludes GST net of input tax credits). The Fund may not be entitled to claim a reduced input tax credit in all instances.
- Unit holders may also incur a Buy/Sell Spread when their money moves in or out of the Fund. Please refer to **Section 4.2** "Buy/Sell Spread" for further details.

4.2. Additional Explanation of Fees and Costs

GST

All fees set out in this **Section 4** are exclusive of any applicable Goods and Services Tax (GST) and net of input tax credits (unless otherwise stated). The Fund may not be entitled to claim an input tax credit in all instances.

Management Fee

As outlined in the table in **Section 4.1**, the Management Fee charged will be 1.50% p.a. of the Net Asset Value of the relevant class. The Management Fee is accrued in the Unit Price and payable from the assets of the relevant class monthly, in arrears. The Management Fee is reflected in the Unit price.

Expenses

All costs or general expenses reasonably and incurred in the proper performance of its duties by the Manager in connection with the management of the Fund and the Offer are payable out of the Fund. The Manager is responsible for providing all office personnel,

office space and office facilities required for the performance of its services. The Fund bears all other expenses incidental to its operations, including, but not limited to, fees payable to the Fund's service providers (e.g. administrator and custodian); taxes imposed on the Fund or the Manager (in its capacity as trustee of the Fund); governmental charges and duties; the Fund's advisers (e.g. legal, accounting and audit); and printing and distributing the IM, subscription materials, marketing materials and any reports and notices to Unitholders or prospective Unitholders. The total of these ongoing ordinary expenses is capped at 0.20% p.a. of the Fund's Net Asset Value. The Fund may also incur expenses of an extraordinary nature in addition to the ordinary expenses incurred by the Fund. Any extraordinary expenses will be determined by the Manager in its discretion and will be payable by the Fund.

All costs or expenses incurred (or that will be incurred) by the Manager in connection with the establishment of the Fund and the Offer are payable out of the relevant class and the Manager may choose to include in the assets of the relevant class deferred establishment costs for Unit pricing purposes.

Performance Fee

The Manager is entitled to a Performance Fee for outperforming the Benchmark as described in the Management Costs part of the first table in **Section 4**. The Performance Fee is a way of providing an incentive for the Manager to strive to continually produce returns above the Benchmark.

The Performance Fee is equal to 20% of the amount by which the accumulated investment return of the relevant class exceeds the accumulated return of the Benchmark during each year to 30 June (Calculation Period).

If the relevant class underperforms against the Benchmark during a Calculation Period, a Performance Fee will not be paid. Any underperformance will be carried forward to the following Calculation Period and must be recouped before any Performance Fees can be accrued or be paid. Further adjustments may be made for subscriptions and redemptions and capital restructures.

The Performance Fee is accrued in the Unit price. The Performance Fee is payable at the end of each Calculation Period. The Manager may alter the Calculation Period. We will notify you of any change to the Calculation Period.

The investment return is the positive or negative change in the Net Asset Value of the relevant class after deducting Management Fees but before any accrued Performance Fees and distributions (whether income or capital). Further adjustments may be made for subscriptions and redemptions and capital restructures.

The investment return and the Benchmark return are calculated monthly and each monthly Performance Fee (positive and negative) is accumulated. If Units are issued and redeemed more or less frequently, then the investment return and the Benchmark return will be calculated at least as frequently.

The Manager has no obligation to restore to a class Performance Fees previously earned and paid, notwithstanding a loss in a subsequent Calculation Period. Where Units are redeemed during a Calculation Period, any accrued Performance Fees in respect of those Units may become due and payable to the Manager. If the Manager is removed as trustee of the Fund before the end of a Calculation Period, then the Performance Fee will be calculated and paid as though the date of removal were the end of the Calculation Period.

The Performance Fee is calculated on the performance of the relevant class and not the performance of an individual Unitholder's investment. As a result, the actual Performance Fee payable on the Unitholder's investment may be affected by the timing of that person's applications and redemptions or by Unitholders as a whole.

Worked Example of Performance Fee

The example that follows is for the purpose of illustrating how Performance Fees may be calculated only.

The example assumes that the investment return of the relevant class and the Benchmark is steady during the course of the Calculation Period. In reality, the investment return of the relevant class and the Benchmark will vary during the course of the Calculation Period. The example also assumes that no subscriptions or redemptions are made during the Calculation Period. Importantly, the example assumes the investment return of the relevant class has exceeded the return on the Benchmark. Note that the investment return of the relevant class and the Benchmark is for illustrative purposes only and is not an indication of future performance. Future performance may differ from that used in this example.

The value of your Units at the beginning of a Calculation Period is \$100,000 and at the end of the Calculation Period is \$110,000.

The investment return for the Calculation Period is 10%, namely $10\% \times \$100,000 = \$10,000$. The return on the Benchmark is 8%, namely $8\% \times \$100,000 = \$8,000$.

The Performance Fee is $20\% \times (\$10,000 - \$8,000) = \$400$

For each \$100,000 that you have invested in Units at the beginning of the Calculation Period, you would have earned \$10,000 and been charged \$400 in Performance Fees.

Tax

Prospective investors should obtain independent professional advice in relation to their particular circumstances regarding the taxation consequences of an investment in the Fund before investing. See **Section 6**.

Buy/Sell Spread

An amount equal to 0.38% is effectively deducted from the Unitholder's application and redemption monies. This amount may change at any time. This amount is paid to the Fund on account of the Manager's estimate of costs associated with buying and selling assets represented by the relevant application or redemption and is not paid to the Manager. Such costs are, however, an additional cost to you and will impact on the return on your investment. Such costs could include estimated brokerage and stamp duties, taxes and other charges and expenses from buying or selling Fund investments. The amount is paid so as to mitigate any unfairness from an application or redemption affecting other Unitholders.

Fee waiver or deferral and issue of Units

The Manager, in its sole discretion, may waive or defer the payment of all or part of its Management Fee and/or Performance Fee either generally or for certain Unitholders. The Manager may, where permitted under the law, charge fees on a different basis to certain associates of the Manager and Unitholders that are wholesale clients (as defined under the Corporations Act) or who make a substantial investment in the Fund or other of the Manager's investment products. The Manager may elect to receive part of its Management Fee and/or Performance Fee in the form of Units in the Fund. Any Units issued to the Manager will be at the Issue Price for those Units applicable at that time.

Fee maximums and changes to fees

The Manager is entitled under the Trust Deed to charge a Contribution Fee and a Withdrawal Fee of 5%, a Management Fee of 2.0% per annum and a Performance Fee of 20% per annum (each exclusive of GST). The Manager has elected to waive or reduce these fees to the levels shown in **Section 4.1**. The Trust Deed does not provide for the Manager to charge a Switching Fee or Termination Fee. The Manager may, however, within the bounds of the Trust Deed, elect to change these fees (e.g. due to changes in economic conditions and size of the Fund) and Unitholders will be provided at least 30 days written notice of any change in these or other fees.

5. Applications and Dealing with Your Investment

5.1. Applying

Units in the Fund are available for issue under this IM.

To invest in the Fund you must complete the Application Form accompanying this IM and provide the proof of identity documents set out in the Application Form.

Applications

Subject to the Fund remaining open, applicants may apply for Units and Unitholders may apply for additional Units in the Fund.

Applications and Application Amounts must be received by the Registry prior to 2:00pm (Sydney time) one Business Day before the Application Day, unless otherwise agreed by the Manager in its absolute discretion. Applications received after the cut-off time will generally be processed for the following Application Day. An Application Day occurs on the last Business Day of each quarter. The Manager may from time to time allow additional dates for accepting applications. Additional Application Forms may be obtained from the Registry or by telephoning the Manager on (02) 9021 7701 or emailing info@ellerstoncapital.com.

Minimum Investments

The minimum investment is \$100,000, subject to the Manager's discretion to accept a lower amount. The Manager may in its discretion raise or lower the minimum investment amount provided that the investor is a Wholesale Client. Certification of investor status will be required as a prerequisite for investing in the Fund.

5.2. Issue Price

The Issue Price of Units will be the Net Asset Value per Unit for the relevant Application Day on which the application is processed, plus the Buy/Sell Spread.

5.3. Application Acceptance And Interest

To ensure the Fund remains efficient and competitive, the Manager may in its absolute discretion reject or decline to accept applications (in part or in full) and may close the Fund to further investment where it believes the Fund has reached capacity.

The Manager has the discretion to open additional offer periods to accept additional investments

Any interest payable on Application Amounts will accrue to the benefit of the Fund. Application Amounts paid in respect of rejected or the scaled back portion of applications will be returned to investors without interest.

5.4. Redemptions

Following the Lock Up Period, the Fund aims to provide redemptions on a quarterly basis subject to liquidity constraints. Redemptions may be made available on the Withdrawal Date being the last business day of the quarter (March, June, September and December) (Withdrawal Date). For example, if the Fund achieves the minimum Net Asset Value of \$50m at the end of March 2022, the Lock up Period would end at the end of March 2025 and Redemptions may be made available at the end of June 2025.

Investors are required to complete a redemption notice and submit to the Administrator no later than 5pm Sydney Time, at least 45 days before the Withdrawal Date. Funds withdrawn will typically be paid within one month after the Withdrawal Date to the nominated bank account by electronic transfer, although it may take longer in certain circumstances. There is no guarantee that an investor will be able to fully liquidate their investment in the Fund.

If the Fund receives net redemption requests in total representing more than 25% of the Net Asset Value of the Fund on the Withdrawal Date, the Trustee, at its discretion, may pro-rata each of the requests equally among the redeeming investors to ensure no more than 25% of the Net Assets of the Fund are redeemed on the Withdrawal Date. The residual redemption amount will be treated as though they were received for the next Withdrawal Date, subject to the same 25% restriction in the following period.

If an investor redemption would result in an investor's investment amount in the Fund being less than the minimum investment amount, the Trustee may treat the request as a redemption request for all of that investor's units, and redeem all of the outstanding units.

The Trust Deed allows the Trustee to make payment up to 100 days after receipt of a withdrawal request (which may be extended by a further 30 days or more in certain circumstances) if the Trustee believes it is in the best interests of the investors. The Trustee reserves the right to change the withdrawals timeframes of the Fund subject to the above extensions of time.

Minimum Redemption Amount

The minimum redemption amount is \$50,000 unless otherwise approved by the Manager.

Redemption Price

The Redemption Price for a Unit will be its Net Asset Value per Unit as at the last Business Day of the Quarter, less the Buy/Sell Spread.

5.5. Transfers

Units may not be sold, transferred or otherwise disposed, directly or indirectly, without the prior written consent of the Manager (which may be granted, on certain terms and conditions, or delayed or withheld in its sole and absolute discretion). Transfer requests should be made in writing to the Registry. The Manager may require prescribed transfer documentation to be completed by the transferor including without limitation the completion of a Standard Transfer Form. Any Units sold or transferred without such consent may be compulsorily redeemed by the Manager in its absolute discretion. A transfer of Units involves a disposal of Units, which may have tax implications. Stamp duty may also be payable on the transfer unless an exemption applies. You should obtain tax and stamp duty advice before requesting a transfer.

5.6. Distributions

Distributions will usually be determined semi-annually as at 30 June and 31 December, or more frequently at the Manager's discretion. Distributions will generally be paid within 30 calendar days after the distribution date. Distributions are generally paid out in cash. Distributions of marketable securities may be permitted when approved by Special Resolution. The Manager has absolute discretion in performing its obligations as a Trustee and may accept or reject a written direction from a Unitholder. The Manager may also in its discretion waive the minimum initial investment and minimum holding amount requirements. Distribution statements are forwarded to all Unitholders annually.

5.7. Unit Pricing and Valuations

When you invest in the Fund you are allocated a number of units in the Fund. Each of these units represents an equal undivided part of the market value of the portfolio of investments that the Fund holds. As a result, each Unit has a dollar value or Unit Price. The Unit Price is calculated by dividing the Net Asset Value by the total number of Units in the Fund held by Unitholders on that Calculation Day. All Unit Prices are calculated to four (4) decimal places. The number of Units issued in the Fund is calculated and rounded to four (4) decimal places. Units are priced on the last Business Day of each month, and/or such other time or times as the Manager may determine ('Valuation Day'). The assets of the Fund will be valued with reference to the last traded share price for the day (in the case of listed investments) and, in the case of unlisted investments, by the Manager in accordance with the Trust Deed. The Manager intends to apply the International Private Equity and Venture Capital Valuation Guidelines and the Australian equivalent of the International Financial Reporting Standards in determining the value of unlisted investments.

The Net Asset Value of the Fund includes the value of income accumulated since the previous distribution date. While the Manager does not intend to permit investor redemptions during the Lock Up Period, if this were to be permitted, the Manager may charge a Buy/Sell spread. This represents the Manager's estimate of the transaction costs the Fund would incur to sell the Fund's assets and is applied because a redemption may necessitate the purchase or sale of Fund assets, incurring transaction costs such as brokerage, government duties and taxes. This is retained in the Fund for the benefit of all Unitholders. In calculating the Net Asset Value of the Fund, the Administrator or their affiliates may rely upon, and will not be responsible for the accuracy of, financial data furnished to it by third parties including automatic processing services, brokers, market makers or intermediaries, the Manager, Trustee and any administrator or valuations agent of other collective investments into which the Fund invests. If and to the extent that the Manager is responsible for, or otherwise involved in the pricing of any of the Fund's assets (for example in the case of unlisted or suspended stocks), the Administrator may accept, use and rely on such prices, without verification, in determining the Net Asset Value of the Fund and shall not be liable to the Fund, any Unitholder or any other person in doing so.

6. Tax considerations

6.1. General Overview

The taxation environment applying to the investments is currently undergoing substantial reform and may change. Any gains from the Fund's investments and from your investment in the Fund may be treated on revenue or capital account depending on the particular circumstances of the Fund and each investor. This may impact the Fund's and an investor's ability to obtain a discount on the capital gains tax applied on any gains. Under Australian tax law, a holding of Units may give rise to taxable distributions even though investors may not receive distributions in cash to fund the tax liability. The transfer or redemption of Units involves a disposal, which may have tax implications. Stamp duty may also be payable on the transfer unless an exemption applies. You are not required by law to quote your Tax File Number (TFN). However, without your TFN or appropriate exemption information, we are required to withhold tax at the highest marginal tax rate (plus Medicare Levy) from income distributions and interest payments made to you.

Unitholders should obtain independent professional advice in relation to their particular circumstances regarding the taxation consequences of an investment in the Fund before investing.

6.2. Summary of Tax Implications

A summary of the general Australian taxation implications for the Fund and Investors in the Fund is set out below. The summary has been prepared on the basis that Investors:

- are tax resident in Australia;
- are subject to Australian tax (that is, are not exempt from Australian tax); and
- hold their investments on capital account.

The summary does not consider the tax implications for other taxpayers who hold their investments on revenue account (e.g. banks, life insurance companies, equity traders, etc.).

These comments are of a general nature only and do not constitute tax advice and should not be relied upon as such. Investors should seek their own independent taxation advice about their specific facts and circumstances.

It is intended that the Fund will qualify as a managed investment trust (MIT) for Australian tax purposes. Where possible, the Trustee of the Fund will elect for the Fund to be an Attribution Managed Investment Trust (AMIT). If such election is made, the election will apply for all income years while the Fund continues to meet certain criteria.

Taxation of the Fund

The Trustee of the Fund should not generally be subject to tax in respect of the income and gains derived by the Fund in each financial year, provided investors are presently entitled to the income of the trust or, where the Fund is an AMIT, the Trustee attributes all of the taxable income of the fund to Investors in accordance with the AMIT rules and the Trust Deed each income year. It is noted that, under the AMIT Rules, the cash paid to Investors does not need to be equal to amounts attributed to those Investors.

Where the Fund qualifies as a MIT, the Trustee intends to elect for deemed capital gains tax (CGT) treatment to apply to the Fund. The election applies to investments in shares, units in a unit trust, land and rights or options to acquire shares, units or land. The election does not apply to other assets or Derivatives.

Where the Fund incurs a revenue loss (which may arise where the Fund makes a loss on investments to which the deemed capital account treatment described above does not apply) in a financial year, the Fund may carry this tax loss forward to offset against future taxable income of the fund, subject to the satisfaction of the trust loss carry forward rules. Any capital losses made by the Fund can be offset against capital gains in the same financial year or carried forward to offset future capital gains. Capital losses are not subject to the tax loss recoupment rules however they cannot offset revenue gains.

Taxation of distributions from the Fund

Resident taxpaying Investors will include in their assessable income, their share of the "taxable income" of the Fund or the amount attributed to them by the Trustee and this will be advised to Investors via the annual distribution statement. Where the Fund is an AMIT during an income year, the amount attributed to Investors will represent a fair and reasonable attribution of the Fund's taxable income determined by the Trustee in accordance with the Trust Deed. The fair and reasonable attribution may take into account the Investor's share of their interests in the Fund and any gains realised by the Fund in order to fund an Investor's redemption request.

The Trustee may be required to withhold tax from distributions in a range of circumstances including for certain payments to non-resident investors.

Cost base adjustments

The cost base of the Investor's units in the Fund will generally be the amount the Investor paid for the units (including incidental costs of acquisitions and disposals). However, changes to the cost base will be required to be calculated by each of the Investors of the Fund on an annual basis. Where the Fund qualifies as an AMIT, broadly, the cost base will increase where the Fund attributes an amount of assessable income (including grossed up capital gains) or non-assessable non-exempt income and the cost base will decrease for amounts of cash distribution to which an Investor becomes entitled to or tax offsets attributed to the Investor by the Trustee.

A reasonable estimate of the AMIT cost base net amount will be provided to members as part of the Attribution MIT Member Annual (AMMA) statement.

Similarly, where the Fund does not qualify as an AMIT, investors' cost bases should also be required to be reduced where an investor's cash distribution entitlement exceeds their share of taxable income of the Fund.

Where an Investor's cost base is reduced to nil, further reductions in the cost base will be taken to be a capital gain for the Investors.

Disposal or redemption of units

Resident Investors will make a capital gain where the capital proceeds from the disposal or redemption of their units exceeds the cost base of the relevant units. Conversely, a capital loss will arise if the capital proceeds are less than the reduced cost base of the relevant units.

Under current law, where the Investor is an individual, an entity acting in the capacity of trustee (conditions apply) or is a complying superannuation fund and the units have been held for more than 12 months, any capital gain arising from disposal or redemption of the units may be reduced by the relevant CGT discount (if applicable).

Annual tax statement

Investors should expect to receive an annual tax statement or, where the Fund qualifies as an AMIT for an income year, an AMMA tax statement for the Fund within 3 months after the end of each financial year. The statement will show the cash distributed and the taxable and non-taxable components and, where the Fund qualifies as an AMIT, a reasonable estimate of any adjustments to the Investor's cost base of their units.

Tax File Number (TFN) and Australian Business Number (ABN)

The Trustee is authorised under Australian tax laws to collect TFNs and ABNs in connection with investments in the Fund.

It is not compulsory for an Investor to provide their TFN, but without a TFN (or ABN in some circumstances) or the appropriate exemption information, the Trustee must withhold tax from distributions (and undistributed amounts to which they are presently entitled) at the 'top rate', being the highest marginal tax rate (plus Medicare levy) until the TFN or exemption is provided.

Investors may prefer to provide an ABN as an alternative to their TFN if their investment is made as part of an enterprise.

Investors who have not quoted their TFN or ABN (or a relevant exemption) will need to claim a credit in their income tax return for the tax withheld (or, if this is not appropriate, they can apply to the Australian Taxation Office (ATO) for a refund).

Indirect Investment in the Fund

A Unitholder may invest indirectly in the Fund through an IDPS. In this case, it is the IDPS and not the investor that will be the Unitholder in the Fund.

The nature of the relationship between investors and an IDPS and of the indirect interest held by investors may differ between IDPS depending on the arrangements and terms governing the IDPS.

Investors should seek their own independent advice regarding the effect that holding their investment in the Fund via a particular IDPS has on the applicable income tax (including capital gains tax) treatment.

Reporting

For investors that are considered to be residents of certain countries for tax purposes, we may also be required to obtain additional information and report to the Australian Tax Office (ATO) or overseas tax authority each year relevant details relating to their investment, including balance and income received, under rules designed to combat tax evasion in their country of residence for tax purposes.

Foreign Account Tax Compliance Act (FATCA)

The Fund is required to comply with FATCA. FATCA enables the U.S Internal Revenue Service (IRS) to identify and collect tax from US residents that invest in non-US entities. To comply with these requirements, we will collect and disclose information about certain investors such as your US Taxpayer Identification Number to the ATO or IRS. If you do not provide this information, we may be required to withhold tax on any payments made to you.

If the Fund suffers any amount of FATCA tax, neither the Manager nor the Fund will be required to compensate you for any such tax, and the effects of these amounts will be reflected in the returns of the Fund. A credit for such foreign taxes may be available in your jurisdiction of residence. You should seek your own advice in this regard.

7. Material documents

7.1. Trust Deed

The operation of the Fund is governed by law and the Trust Deed of the Fund.

The Trust Deed contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both Unitholders and the Manager.

A number of provisions in the Trust Deed are discussed elsewhere in this IM. The following are some key matters covered by the Fund's Trust Deed:

- The nature of Units and the rights which attach to those Units;
- The powers of the Manager;
- The Manager's entitlement to be paid fees;
- How the Administrator (on behalf of the Manager) will calculate the Net Asset Value of the Fund, a key component to the calculation of the Issue Price and Redemption Price;
- How the Manager will treat applications for Units, including the Manager's discretion to refuse applications for Units in whole or in part at its discretion;
- The Manager's ability to refuse transfers of Units;
- The Manager's ability to accumulate part or all of the income in the Fund in a financial year and the Manager's ability to allocate income, deductions and credits to particular classes of Unitholders;
- Unitholders' rights in relation to distributions (and how the Manager determines the distribution amount);
- The convening of, and attending and voting at, any Unitholder meetings and the binding nature of resolutions on all Unitholders;
- The retirement of the Manager and the appointment of a new trustee of the Fund;
- How the Manager will deal with Unitholder complaints; and
- The termination of the Fund. The trust terminates at the earlier of 80 years less one day and the Manager determining to terminate the trust by written notice to Unitholders. The Trust Deed governs the procedure to be followed by the Manager on the termination of the Fund.

The Trust Deed also includes specific provisions covering the following matters which are not explained elsewhere in this IM:

Compulsory redemption

The Manager may, in its absolute discretion, upon a minimum of three days' notice to a Unitholder, redeem all or a portion of Units held by such Unitholder including, if the Manager believes:

1. The Units are held in breach of prohibitions contained in the Trust Deed;
2. The Units are held in circumstances which might result in a violation of an applicable law or regulation (including by the Manager), or subject the Fund to taxation or otherwise adversely affect the Fund in any material respect;
3. A Unitholder made a misrepresentation in acquiring its Units;
4. A Unitholder is a registered holder of Units having a Net Asset Value of less than \$100,000; or
5. The continued participation of a Unitholder might cause the Manager or any Unitholder to violate any law or if any litigation is commenced or threatened against the Manager or any Unitholder arising out of the participation by the Unitholder in the Fund.

The Manager's indemnity and liability

The Manager is entitled to be indemnified under the Trust Deed, subject to the law, for all amounts incurred by it in the proper performance of its duties. The Manager's liability to Unitholders is limited to the Manager's ability to be indemnified from the Fund subject to the law and the Manager acting without fraud, gross negligence or breach of trust involving a failure to show the required degree of care and diligence. The Manager has the ability to make deductions from payments to satisfy liabilities owing to the Manager.

Unitholder liability

The liability of a Unitholder to the Fund is generally limited to the amount subscribed, or agreed to be subscribed, for Units and any tax payable in respect of their Unitholding. The effectiveness of these provisions has not yet been determined by an Australian court.

8. Additional Information

8.1. Communication and Reporting

Unitholders will be provided with the communications set out in the table below. Unitholders will also receive confirmations of their applications, redemptions and distributions. Unitholders may ask the Manager for additional information as reasonably required, although the Manager may not always be able to satisfy such requests.

| Communication | Timing |
|-----------------------|-----------|
| Performance report | Monthly. |
| Fund newsletter | Monthly. |
| Climate Change Report | Annually. |
| Tax statement | Annually. |

Information relating to the Unitholder and the Fund will be provided by email.

8.2. Further Information

A non-exhaustive summary of some of the key terms of the Offer and Trust Deed of the Fund has been set out in this IM. The Trust Deed may be viewed between 9:00am and 5:00pm, Sydney time, on weekdays by contacting the Manager on info@ellerstoncapital.com or (02) 9021 7701.

8.3. Offer Changes

The Manager reserves the right to cancel the Offer in relation to the Units, reject an application for Units (in full or in part) and return Application Amounts for whatever reason.

8.4. Complaints Resolution

The Manager has a formal policy in place for dealing with complaints. In the first instance, complaints should be in writing to the Company Secretary, Ellerston Capital Limited, Level 11, 179 Elizabeth Street, Sydney NSW 2000. The Manager will acknowledge Unitholder complaints within 30 days of receipt by the Company Secretary, and will generally investigate complaints and aim to provide a response (if not resolve the complaint) within 60 days of receipt of the complaint although some complaints may take significantly longer to deal with.

8.5. Anti-Money Laundering

The Manager is required to comply with the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth) (AML/CTF Law). The Manager may require you to provide personal information and documentation in relation to your identity when you purchase Units in the Fund. The Manager may need to obtain additional information and documentation from you when undertaking transactions in relation to your investment. The Manager may need to identify:

1. An investor (including all investor types noted on the Application Form) prior to purchasing Units in the Fund. The Manager will not issue Units until all relevant information has been received and your identity has been satisfactorily verified;
2. Your estate – if you die while you are the owner of Units in the Fund, the Manager may need to identify your legal personal representative prior to redeeming Units or transferring ownership; and
3. Anyone acting on your behalf, including your power of attorney.

In some circumstances, the Manager may need to re-verify this information. The Manager has delegated these activities to the Registry.

By applying to invest in the Fund, you also acknowledge that the Manager may decide to delay or refuse any request or transaction, including by suspending the issue or redemption of Units in the Fund, if it is concerned that the request or transaction may breach any obligation of, or cause us to commit or participate on an offence under, any AML/CTF Law, and the Manager will incur no liability to you if it does so.

8.6. Privacy

The Application Form accompanying this IM requires you to provide personal information. The Manager and each service provider to the Manager or Fund may collect, hold and use your personal information in order to assess your application, service your needs as a client or investor, provide facilities and services to you, the Manager or the Fund and for other purposes permitted under the Privacy Act 1988 (Cth). Tax and company laws also require some of the information to be collected in connection with your application. If you do not provide the information requested, your application may not be able to be processed efficiently, or at all. Your information may also be disclosed to members of the Ellerston Capital Group and to their agents and service providers on the basis that they deal with such information in accordance with the Manager's privacy policy. The Manager may need to disclose information about you to government entities and regulators as required by law.

Your information may also be used to inform you about investment opportunities or other matters that the Ellerston Capital Group thinks may be of interest to you. Contact the Manager using the contact details in the Corporate Directory if you do not want your personal information to be used for this purpose or to request a copy of your personal information held by the Manager (or its registry provider).

8.7. Key Corporate Governance Policies

Related party transactions

Ellerston Capital has a related party transactions policy which acknowledges the requirement that related party dealings be on "arm's length terms", be approved by the members of the entity giving the benefit to the related party, or that an exemption applies to the transaction.

The related party transactions policy sets out procedures designed to protect Unitholders' interests and ensure that related party transactions are on "arm's length" terms or otherwise comply with Corporations Act requirements.

The Fund may acquire exposure to assets from other Ellerston Capital managed funds and where it does so, this will be on an arm's length basis.

Conflicts of interest

Ellerston Capital has established internal policies and procedures to ensure that any conflicts of interest arising in relation to the Fund are adequately identified and appropriately managed.

Where we consider that a particular conflict of interest is likely to have a materially adverse effect on Unitholders, we will seek to implement adequate arrangements to mitigate and prevent (where practicable) these adverse effects on Unitholders. We will resolve such conflicts of interest fairly and reasonably in accordance with the law, ASIC policy and our own procedures.

Deal allocation policy

Ellerston Capital has established a policy to ensure that all funds managed are treated fairly and equitably. Investment opportunities will generally be allocated to the Fund along with other funds and client accounts operated by Ellerston Capital having regard to factors that may include: investment objectives, investment strategy, portfolio guidelines, particular mandate requirements, risk profile and any other factors that we consider relevant.

8.8. Service Providers

The Manager has appointed State Street Australia Limited to provide custody, administration and Automic Group to provide registry services for the Fund.

8.9. Consent

All parties listed in this IM have given consent (which has not been redeemed at the date of this IM) to being named, in the form and context in which it named in this IM. The Administrator:

1. Has not authorised or caused the issue of this IM;
2. Does not make or purport to make any statement in this IM (or any statement on which a statement in this IM is based) other than as specified; and
3. To the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this IM other than the reference to its name in a statement or report included in this IM with its consent as specified.

9. Glossary

| | |
|--------------------------------------|--|
| Administrator | State Street Australia Limited as a provider of accounting services to the Fund. |
| AFSL | Australian Financial Services Licence. |
| AML/CTF Law | Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth). |
| Application Amount | The amount contributed by an investor to acquire Units in the Fund. |
| Application Form | The application form accompanying this IM. |
| ASIC | Australian Securities and Investments Commission. |
| Benchmark | S&P/ASX Small Ordinaries Industrials Accumulation Index. |
| Business Day | Any day that is not a Saturday, Sunday or public holiday in New South Wales, Australia. |
| Buy/Sell Spread | Has the meaning provided in Section 4.2 . |
| Calculation Period | Has the meaning provided in Section 4.2 . |
| Cash and Cash-like Securities | Investments in deposits, cash management trusts, fixed interest, debentures or similar investments as determined by the Manager. |
| Contribution Fee | Has the meaning provided in Section 4.2 . |

| | |
|--------------------------------|--|
| Corporations Act | Corporations Act 2001 (Cth). |
| Derivative | A financial instrument when the value depends on, or is derived from, the value of an underlying designated asset or market index (e.g. an individual share or a broad share market index). |
| Ellerston Capital | Ellerston Capital Limited (ABN34110397674). |
| Ellerston Capital Group | Ellerston Capital and each of its related bodies corporate, and each of their associates |
| Fund | Ellerston 2050 Fund: an Australian domiciled unit trust, constituted by and under its Trust Deed. |
| GST | Australian Goods and Services Tax, as established under the A New Tax System (Goods and Services Tax) Act 1999 (Cth). |
| IM | This Information Memorandum. |
| Issue Price | Means in respect of a unit in the Fund the amount of its issue price that has been paid or is payable to the Fund. |
| Lock Up Period | Three years commencing from the date on which the Fund achieves a minimum Net Asset Value of \$50m. |
| Management Fee | Has the meaning provided in Section 4.2 . |
| Manager | Ellerston Capital as trustee and investment manager of the Fund. |
| Net Asset Value | The net asset value of the Fund or the relevant class as determined under the Trust Deed. Refer to Section 5.7 . |
| Offer | The invitation to subscribe for Units set out in this IM. |
| Performance Fee | The outperformance fee payable to the Manager as set out in Section 4.2 . |
| Pre IPO | Companies which are currently unlisted but plan to list on a traded market. |
| Redemption Price | Has the meaning provided in Section 5.4 . |
| Registry | Automic Group. |
| Securities | Equity interests in a company, managed investment scheme or investment organisation including but not limited to shares, units, preference shares, convertible notes, options, convertible preference shares, stapled securities and instalment receipts or any similar instruments issued by companies with a relationship to Australia or New Zealand listed or expected to list on a recognised exchange within 18 months and may include listings on foreign exchanges due to corporate actions, which the Manager must divest as soon as reasonably practicable following the corporate action. |
| Trust Deed | The Trust Deed of the Fund as amended from time to time. |
| Trustee | Ellerston Capital Limited. |
| Unit | Beneficial interest in Class A Units of the Fund issued as offered under this IM. |
| Unitholder | A person entered on the register of the Fund as a holder of Units. |
| US Persons | Has the meaning given to the term in Regulations of the US Securities Act 1933 (as amended). |
| Valuation Day | The last Business Day of each month, and/or such other time or times as the Manager may determine. |
| Wholesale Client | As defined in the Corporations Act 2001 (Cth). |
| Withdrawal Fee | Has the meaning provided in Section 4.2 . |